



Department of Justice

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**U.S. FREIGHT FORWARDER PLEADS GUILTY TO
CRIMINAL CHARGES INVOLVING THE MILITARY'S PROGRAM
FOR SHIPMENT OF HOUSEHOLD GOODS**

WASHINGTON — A Kirkland, Wash.-based freight forwarder involved in the military's program for shipping household goods of military and civilian Department of Defense (DOD) personnel between the U.S. and foreign countries pleaded guilty to criminal offenses related to its participation in that program, the Department of Justice announced today.

Criminal charges were filed today in U.S. District Court in Alexandria, Va., against Air Van Lines International Inc. (AVLC). Under the terms of a plea agreement, AVLC pleaded guilty to two counts of engaging in a scheme to conceal a material fact, and agreed to pay a criminal fine of \$143,040.

AVLC is the seventh company to be charged in the Department's investigation into anticompetitive and fraudulent conduct related to the ITGBL program. Criminal fines in excess of \$12 million have thus far been imposed on six companies.

The charges relate to the company's participation in a DOD program called the International Through Government Bill of Lading (ITGBL) program. Under this program, freight forwarders file rates with DOD to transport the household goods of military and civilian DOD personnel between the U.S. and foreign countries. The companies filing the lowest rates are awarded shipments of household goods to transport during a six-month summer or winter "cycle." In recent years, DOD has spent hundreds of millions of dollars annually to transport the household goods of its military and civilian personnel between the U.S. and foreign destinations.

"Today's charges demonstrate our ongoing commitment to protect the U.S. from those who would deny the military the ability to purchase services in a competitive market," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

According to the felony charges filed against AVLC, during two separate bidding cycles in 2000 and 2001, AVLC engaged in a scheme to falsify, conceal and cover up the fact that its rates to transport military household goods had not been determined in accordance with its certificate of independent pricing. In fact, contrary to its sworn statement, its rates had not been arrived at independently, but rather AVLC had engaged in collusion with a competing carrier.

AVLC is charged with two counts of violating the false statements statute, 18 U.S.C. § 1001, which carries a maximum fine per count of \$500,000 for corporations. The maximum fine

level for each count may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

In addition to AVLIC, the following companies have been charged with and pleaded guilty to criminal offenses in the Eastern District of Virginia as a result of the investigation:

- On Sept. 27, 2006, Ryan's World Inc., headquartered in Long Beach, Calif., was charged with making false statements in documents filed with DOD. It was sentenced to pay a \$120,000 fine.
- On March 20, 2006, Executive Relocation International Inc., headquartered in Woodbridge, Va., was charged with conspiracy to restrain trade. It was sentenced to pay a \$72,600 fine.
- On Feb. 24, 2006, Allied Freight Forwarding Inc., headquartered in Westmont, Ill., pleaded guilty to two separate conspiracies to restrain trade. It was sentenced to pay a \$1.04 million fine.
- On April 29, 2004, Cartwright International Van Lines Inc., headquartered in Grandview, Mo., pleaded guilty to conspiracy to restrain trade. It was sentenced to pay a \$250,000 fine.
- On Feb. 18, 2004, the Department filed superseding charges against Belgium-based Gosselin World Wide Moving N.V. and The Pasha Group, headquartered in Corte Madera, Calif., for conspiracy to restrain trade and conspiracy to defraud the government. In 2006, after their convictions were affirmed by the Fourth Circuit Court of Appeals, Gosselin was sentenced to pay a \$6 million fine, and Pasha a \$4.6 million fine.

Today's charge is an example of the Department's commitment to protect U.S. taxpayers from public procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative announced in October 2006, is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The investigation into the contractor conduct related to the ITGBL program is being conducted by the National Criminal Enforcement Section of the Antitrust Division, the DOD Office of Inspector General, Defense Criminal Investigative Service and the Army Criminal Investigation Division. Anyone with information concerning price fixing, bid rigging or fraud in the military moving and storage industry, is urged to call the National Criminal Enforcement Section of the Antitrust Division at 202-307-6694.

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